

# Senate File 2408 - Introduced

SENATE FILE \_\_\_\_\_  
BY COMMITTEE ON WAYS AND  
MEANS

(SUCCESSOR TO SSB 3126)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to the policy administration of the tax and  
2 related laws by the department of revenue, including  
3 administration of income, inheritance, and sales and use  
4 taxes, and including a retroactive applicability date  
5 provision.  
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
7 TLSB 5475SV 82  
8 mg/sc/5

PAG LIN

1 1 DIVISION I  
1 2 TAX ADMINISTRATION  
1 3 Section 1. Section 99B.10B, subsection 2, Code Supplement  
1 4 2007, is amended to read as follows:  
1 5 2. a. The department shall revoke a registration issued  
1 6 pursuant to section 99B.10 or 99B.10A, for a period of ten  
1 7 years if a person commits an offense of awarding a cash prize  
1 8 in violation of section 99B.10, subsection 1, paragraph "b",  
1 9 pursuant to rules adopted by the department. A person whose  
1 10 registration is revoked under this subsection who is a person  
1 11 for which a class "A", class "B", class "C", special class  
1 12 "C", or class "D" liquor control license has been issued  
1 13 pursuant to chapter 123 shall have the person's liquor control  
1 14 license suspended for a period of fourteen days in the same  
1 15 manner as provided in section 123.50, subsection 3, paragraph  
1 16 "a". A person whose registration is revoked under this  
1 17 subsection who is a person for which only a class "B" or class  
1 18 "C" beer permit has been issued pursuant to chapter 123 shall  
1 19 have the person's class "B" or class "C" beer permit suspended  
1 20 ~~and that person's sales tax permit suspended~~ for a period of  
1 21 fourteen days in the same manner as provided in section  
1 22 123.50, subsection 3, paragraph "a".  
1 23 b. If a person owning or employed by an establishment  
1 24 having a class "A", class "B", class "C", special class "C",  
1 25 or class "D" liquor control license issued pursuant to chapter  
1 26 123 commits an offense of awarding a cash prize in violation  
1 27 of section 99B.10, subsection 1, paragraph "b", pursuant to  
1 28 rules adopted by the department, the liquor control license of  
1 29 the establishment shall be suspended for a period of fourteen  
1 30 days in the same manner as provided in section 123.50,  
1 31 subsection 3, paragraph "a". If a person owning or employed  
1 32 by an establishment having a class "B" or class "C" beer  
1 33 permit issued pursuant to chapter 123 awards a cash prize in  
1 34 violation of section 99B.10, subsection 1, paragraph "b",  
1 35 pursuant to rules adopted by the department, the beer permit  
2 1 of the establishment ~~and the establishment's sales tax permit~~  
2 2 shall be suspended for a period of fourteen days in the same  
2 3 manner as provided in section 123.50, subsection 3, paragraph  
2 4 "a".  
2 5 Sec. 2. Section 99B.14, subsection 1, Code 2007, is  
2 6 amended to read as follows:  
2 7 1. The department may deny, suspend, or revoke a license  
2 8 if the department finds that an applicant, licensee, or an  
2 9 agent of the licensee violated or permitted a violation of a  
2 10 provision of this chapter or a departmental rule adopted  
2 11 pursuant to chapter 17A, or for any other cause for which the  
2 12 director of the department would be or would have been  
2 13 justified in refusing to issue a license, or upon the  
2 14 conviction of a person of a violation of this chapter or a

2 15 rule adopted under this chapter which occurred on the licensed  
2 16 premises. However, the denial, suspension, or revocation of  
2 17 one type of gambling license does not require, but may result  
2 18 in, the denial, suspension, or revocation of a different type  
2 19 of gambling license held by the same licensee. In addition, a  
2 20 person whose license is revoked under this section who is a  
2 21 person for which a class "A", class "B", class "C", or class  
2 22 "D" liquor control license has been issued pursuant to chapter  
2 23 123 shall have the person's liquor control license suspended  
2 24 for a period of fourteen days in the same manner as provided  
2 25 in section 123.50, subsection 3, paragraph "a". In addition,  
2 26 a person whose license is revoked under this section who is a  
2 27 person for which only a class "B" or class "C" beer permit has  
2 28 been issued pursuant to chapter 123 shall have the person's  
2 29 class "B" or class "C" beer permit suspended ~~and that person's~~  
2 30 ~~sales tax permit suspended~~ for a period of fourteen days in  
2 31 the same manner as provided in section 123.50, subsection 3,  
2 32 paragraph "a".

2 33 Sec. 3. Section 331.434, subsection 1, Code Supplement  
2 34 2007, is amended to read as follows:

2 35 1. The budget shall show the amount required for each  
3 1 class of proposed expenditures, a comparison of the amounts  
3 2 proposed to be expended with the amounts expended for like  
3 3 purposes for the two preceding years, the revenues from  
3 4 sources other than property taxation, and the amount to be  
3 5 raised by property taxation, in the detail and form prescribed  
3 6 by the director of the department of management. For each  
3 7 county that has established an urban renewal area, the budget  
3 8 shall include estimated and actual tax increment financing  
3 9 revenues and all estimated and actual expenditures of the  
3 10 revenues, proceeds from debt and all estimated and actual  
3 11 expenditures of the debt proceeds, and identification of any  
3 12 entity receiving a direct payment of taxes funded by tax  
3 13 increment financing revenues and shall include the total  
3 14 amount of loans, advances, indebtedness, or bonds outstanding  
3 15 at the close of the most recently ended fiscal year, which  
3 16 qualify for payment from the special fund created in section  
3 17 403.19, including interest negotiated on such loans, advances,  
3 18 indebtedness, or bonds. For purposes of this subsection,  
3 19 "indebtedness" includes written agreements whereby the county  
3 20 agrees to suspend, abate, exempt, rebate, refund, or reimburse  
3 21 property taxes, provide a grant for property taxes paid, or  
3 22 make a direct payment of taxes, with moneys in the special  
3 23 fund. The amount of loans, advances, indebtedness, or bonds  
3 24 shall be listed in the aggregate for each county reporting.  
3 25 ~~The county finance committee, in consultation with the~~  
3 26 ~~department of management and the legislative services agency,~~  
3 27 ~~shall determine reporting criteria and shall prepare a form~~  
3 28 ~~for reports filed with the department pursuant to this~~  
3 29 ~~section. The department shall make the information available~~  
3 30 ~~by electronic means.~~

3 31 Sec. 4. Section 384.16, subsection 1, unnumbered paragraph  
3 32 2, Code Supplement 2007, is amended to read as follows:

3 33 A budget must show comparisons between the estimated  
3 34 expenditures in each program in the following year, the latest  
3 35 estimated expenditures in each program in the current year,  
4 1 and the actual expenditures in each program from the annual  
4 2 report as provided in section 384.22, or as corrected by a  
4 3 subsequent audit report. Wherever practicable, as provided in  
4 4 rules of the committee, a budget must show comparisons between  
4 5 the levels of service provided by each program as estimated  
4 6 for the following year, and actual levels of service provided  
4 7 by each program during the two preceding years. For each city  
4 8 that has established an urban renewal area, the budget shall  
4 9 include estimated and actual tax increment financing revenues  
4 10 and all estimated and actual expenditures of the revenues,  
4 11 proceeds from debt and all estimated and actual expenditures  
4 12 of the debt proceeds, and identification of any entity  
4 13 receiving a direct payment of taxes funded by tax increment  
4 14 financing revenues and shall include the total amount of  
4 15 loans, advances, indebtedness, or bonds outstanding at the  
4 16 close of the most recently ended fiscal year, which qualify  
4 17 for payment from the special fund created in section 403.19,  
4 18 including interest negotiated on such loans, advances,  
4 19 indebtedness, or bonds. For purposes of this subsection,  
4 20 "indebtedness" includes written agreements whereby the city  
4 21 agrees to suspend, abate, exempt, rebate, refund, or reimburse  
4 22 property taxes, provide a grant for property taxes paid, or  
4 23 make a direct payment of taxes, with moneys in the special  
4 24 fund. The amount of loans, advances, indebtedness, or bonds  
4 25 shall be listed in the aggregate for each city reporting. ~~The~~

~~4 26 city finance committee, in consultation with the department of~~  
~~4 27 management and the legislative services agency, shall~~  
~~4 28 determine reporting criteria and shall prepare a form for~~  
~~4 29 reports filed with the department pursuant to this section.~~  
~~4 30 The department shall make the information available by~~  
~~4 31 electronic means.~~

4 32 Sec. 5. Section 421.17, Code 2007, is amended by adding  
4 33 the following new subsection:  
4 34 NEW SUBSECTION. 30. If a natural disaster is declared by  
4 35 the governor in any area of the state, the director may extend  
5 1 for a period of up to one year the due date for the filing of  
5 2 any tax return and may suspend any associated penalty or  
5 3 interest that would accrue during that period of time for any  
5 4 affected taxpayer whose principal residence or business is  
5 5 located in the covered area if the director determines it  
5 6 necessary for the efficient administration of the tax laws of  
5 7 this state.

5 8 Sec. 6. Section 421.60, subsection 8, Code 2007, is  
5 9 amended to read as follows:

5 10 8. REFUND OF UNTIMELY ASSESSED TAXES. Notwithstanding any  
5 11 other refund statute, if it appears that an amount of tax,  
5 12 penalty, or interest has been paid to the department after the  
5 13 expiration of the statute of limitations for the department to  
5 14 determine and assess or collect the amount of such tax due,  
5 15 then the amount paid shall be credited against another tax  
5 16 liability of the taxpayer which is outstanding, if the statute  
5 17 of limitations for assessment or collection of that other tax  
5 18 has not expired or the amount paid shall be refunded to the  
5 19 person or, with the person's approval, credited to tax to  
5 20 become due. An application for refund or credit under this  
5 21 subsection must be filed within one year of payment. This  
5 22 subsection shall not be construed to prohibit the department  
5 23 from offsetting the refund claim against any tax due, if the  
5 24 statute of limitations for that other tax has not expired.  
5 25 However, any tax, penalty, or interest due for which a notice  
5 26 of assessment was not issued by the department but which was  
5 27 voluntarily paid by a taxpayer after the expiration of the  
5 28 statute of limitations for assessment shall not be refunded.

5 29 DIVISION II  
5 30 INCOME TAX

5 31 Sec. 7. Section 422.24A, Code 2007, is repealed.

5 32 Sec. 8. RETROACTIVE APPLICABILITY DATE. The section of  
5 33 this division of this Act repealing section 422.24A applies  
5 34 retroactively to January 1, 2008, for tax years beginning on  
5 35 or after that date.

6 1 DIVISION III  
6 2 INHERITANCE TAX

6 3 Sec. 9. Section 12D.9, Code 2007, is amended by adding the  
6 4 following new subsection:

6 5 NEW SUBSECTION. 3. State inheritance tax treatment of  
6 6 interests in Iowa educational savings plans shall be as  
6 7 provided in section 450.4, subsection 10. This subsection  
6 8 shall apply to all Iowa educational savings plans existing on  
6 9 or after July 1, 1998.

6 10 Sec. 10. Section 450.4, Code Supplement 2007, is amended  
6 11 by adding the following new subsection:

6 12 NEW SUBSECTION. 10. On the value of any interest in a  
6 13 qualified tuition plan, as defined in section 529 of the  
6 14 Internal Revenue Code, to the same extent to which the value  
6 15 is excluded from the decedent's gross estate for federal  
6 16 estate tax purposes. This subsection shall apply to all  
6 17 qualified tuition plans that are in existence on or after July  
6 18 1, 1998.

6 19 EXPLANATION

6 20 DIVISION I == TAX ADMINISTRATION. Code sections 99B.10B  
6 21 and 99B.14 are amended to remove the authorization of the  
6 22 department of inspections and appeals to suspend a person's  
6 23 sales tax permit for a violation of Code chapter 99B, relating  
6 24 to games of skill or chance and raffles.

6 25 Code sections 331.434 and 384.16 are amended by eliminating  
6 26 the requirement for the county finance and city finance  
6 27 committees to determine the budget and indebtedness reporting  
6 28 criteria and the forms to be used for such reporting.

6 29 Code section 421.17 is amended by adding new subsection 30  
6 30 to permit the director to extend the period of time for filing  
6 31 tax returns and to suspend any penalty or interest associated  
6 32 with those returns for taxpayers residing in an area declared  
6 33 as a disaster area by the governor.

6 34 Code section 421.60, subsection 8, is amended to provide  
6 35 that any tax, penalty, or interest due which was voluntarily  
7 1 paid by a taxpayer after the expiration of the statute of

7 2 limitations for assessment, and a notice of assessment was not  
7 3 issued by the department, shall not be refunded.  
7 4 DIVISION II == INCOME TAX. Code section 422.24A is  
7 5 repealed. This section provides for a start-up business tax  
7 6 deferment whereby taxable income for the first three years  
7 7 that an eligible business is in operation can be deferred.  
7 8 Since this provision was enacted in 2002, no businesses have  
7 9 applied for this deferral. This provision applies  
7 10 retroactively to January 1, 2008, for tax years beginning on  
7 11 or after that date.  
7 12 DIVISION III == INHERITANCE TAX. Code sections 12D.9 and  
7 13 450.4 are amended to exempt from the state inheritance tax the  
7 14 value of any interest in an Iowa educational savings plan and  
7 15 other section 529 of the Internal Revenue Code plans. The  
7 16 exemptions apply to such plans in existence on or after July  
7 17 1, 1998.  
7 18 LSB 5475SV 82  
7 19 mg/sc/5